

Agenda Date: August 11, 2022

Prepared By: Maria Swan, Administrative & Fiscal Officer II

Topic: Final Budget Fiscal Year 2022-23 Public Hearing and Approval

Action Requested:

- 1) Conduct a Public Hearing for the purpose of reviewing the District's Fiscal Year (FY) 2022-23 Proposed Final Budget.
- 2) Adopt Resolution #22-12 (Attachment #1), thereby approving the District's budget for FY 2022-23.

Discussion: The District's Proposed Final Budget for FY 2022-23 includes an increase in pass-through grant revenue, estimated permit fees, and includes funding sufficient to establish 2 new fiscal and administrative positions. This budget presents a decrease in expenditures for contracted services, supplies and operations and maintenance. District management continues to conservatively estimate revenues and project expenditures to adequately cover operating costs and provide contingency funds for unforeseen events.

The total Final Budget for FY 2022-23 is **\$19,931,856**.

The FY 2022-23 revenue budget in the amount of **\$12,279,604** is \$4,215,393 (52%) more than the approved FY 2021-22 revenue budget in the amount of \$8,064,211. This is primarily from an increase in grant incentive funding expected to be received by the District. The estimated FY 2022-23 fund balance in the amount of **\$7,652,252** is a 12% increase from the previous FY 2021-22 fund balance in the amount of \$6,831,795. The FY 2022-23 expense budget of \$14,575,588 is \$3,608,879 (33%) above the approved FY 2021-22 expense budget of \$10,966,709, primarily the result of additional grant incentive funding.

The District offers the following analysis of the differences between the Proposed Final Budget for FY 2022-23 and the Approved Budget for FY 2021-22.

Revenue: The proposed revenue for FY 2022-23 is \$12,279,604 and the fund balance for FY 2022-23 is \$7,652,252, for a Total Revenue amount of \$19,931,856. District revenue includes \$4,858,818 in state revenue from motor vehicle registration fees and grant funding from the Carl Moyer Clean Air Grants; \$1,315,563 in estimated permit fees; \$285,780 from burn, land, and other permit fees; \$3,092,548 in federal revenue; \$393,640 in other government revenue, \$204,437 in Per Capita Assessment, \$2,052,028 in mitigation fees; and \$76,791 in rental income, interest and miscellaneous revenue.

Expenses: The proposed expenses for FY 2022-23 are \$14,575,588. District expenses include \$3,795,438 in salaries and wages; \$8,992,825 in Clean Air Grants and Incentive Programs; \$1,103,163 in services and supplies; \$110,800 in capital assets; \$50,000 for building purchase payback; \$23,362 for building operations and maintenance; and \$500,000 for contingency.

The expenses for FY 2022-23 are an increase of \$3,608,879 (33%) from the approved expenses from FY 2021-22. The primary increase in expenditures is from recent growth in pass-through grant funding expected to be received by the District. We do anticipate a decrease in contracted services the District utilizes for legal expertise, information technology and professional services. Additionally, to meet current and future needs, the District proposes the addition of two new fiscal and administrative classifications. This will allow the District to continue to meet its regulatory, organizational, and administrative requirements and efficiently provide services such as accounting, audits, contract processing, policies, procedures, and HR related duties, as well as continue to provide quality service to the public.

The Proposed Final Budget includes the recently approved MOU between the County and the Placer Public Employees Organization (PPEO) which approved a general wage increase for FY 2022-23. In addition, the Proposed Final Budget also reflects the recently approved management compensation adjustments effective July 1, 2022.

Included in the enclosed Proposed Final Budget are the District's FY 2022-23 goals for each District Section (pages 6-20). These District goals are linked to the District's Mission Statement (pages 4-5).

As part of its Approved Budget for FY 2020-21, the Board delayed, by one year, fee increases approved in 2018. The Final Budget will implement the final year of the approved fee increase schedule, resulting in a general fee increase of 7% for FY 2022-23. Subsequent District FY budgets will return to an annual fee schedule that includes an increase directly tied to the Consumer Price Index.

Future FY Budgets: In developing the Proposed Final Budget for FY 2022-23, Staff has evaluated potential impacts of the current economic climate on future year budgets. This includes potential changes in monies received from the State for operational and clean air incentive programs, as well as changes in permit and enforcement revenues. While not a likely scenario for the upcoming FY, as the State has a very significant budget surplus, Staff have conservatively evaluated budget scenarios that would reduce State revenues, as well as eliminate funding for clean air programs. Even under these potential future scenarios, Staff is confident that the District will be able to maintain fiscal solvency and continue to conduct its statutory and regulatory obligations.

Staff are prepared to quickly respond to changing budget environments, should they be necessary. Potential responses include identifying options for salary savings, cutting operational expenses, delaying planned investments (such as PARS contributions), and utilizing reserve funds. Staff will continue to regularly provide your Board information on the status of the District's budget, and if any changes are needed.

Fiscal Impact: The District provides a balanced Final Budget for FY 2022-23:

Revenue is estimated in the amount of \$12,279,604 and Fund Balance is estimated in the amount of \$7,652,252, for total revenue in the amount of **\$19,931,856**.

Expenses are estimated in the amount of \$14,575,588 and estimated carry-forward Fund Balance is \$5,356,268, for a total of **\$19,931,856**.

The Proposed Final Budget for FY 2022-23 covers the operational costs, maintains services and program delivery, and provides for selected critical resource needs. It also maintains an Operations Fund Balance of \$1,486,121, which is 10% of the total Proposed Expense Budget of \$14,575,588.

Recommendation: The Placer County Air Pollution Control District has complied with the Health and Safety Code 40131 (3) (A) and 40131 (3) (B) regarding the adoption of a board approved budget, therefore it is recommended that the Board adopt Resolution #22-12, thereby approving the District's budget for Fiscal Year 2022-23.

Enclosure: Proposed Final Budget FY 2022-23

Attachments: #1: Resolution #22-12 for approval of the Proposed FY 2022-23 Final Budget
 #2: Pie Chart for the Proposed FY 2022-23 Final Budget

ATTACHMENT #1

SUBJECT:

Resolution #22-12

ATTACHMENT #2

SUBJECT:

Pie Chart for the Proposed FY 2022-23 Final Budget